

**Announcement of Results for the Third Quarter to 31 December 2003**

**Financial statements for the period from 1 April 2003 to 31 December 2003**

Ascendas Real Estate Investment Trust (A-REIT) is a real estate investment trust constituted by the Trust Deed entered into on 9 October 2002 between Ascendas-MGM Funds Management Limited as the Manager of A-REIT and Bermuda Trust (Singapore) Limited as the Trustee of A-REIT. Units in A-REIT were allotted in November 2002 based on a prospectus dated 5 November 2002. These units were subsequently listed on the Singapore Stock Exchange on 19 November 2002.

As the Trust commenced operations on 19 November 2002, the prior period comparatives for the quarter ended 31 December are the actuals for the 43 days from 19 November 2002 to 31 December 2002. However the prior period comparatives for the 9 months ended 31 December are based on the prospectus pro forma financial information from 1 April 2002 to 18 November 2002 and actuals from 19 November 2002 to 31 December 2002.

With the acquisition of OSIM Headquarters Building on 20 June 2003, Ghim Li Building on 13 October 2003 and Ultro Building on 30 October 2003, A-REIT has a diversified portfolio of eleven properties comprising business park (including science park), light industrial and built-to-suit properties in Singapore. These properties house a tenant base of more than 300 international and local companies operating in a range of industries and activities, including research and development, life sciences, information technology, engineering and light manufacturing. Tenants include Biopharmaceutical Manufacturing, Federal Express, Honeywell, Lilly Systems Biology, OSIM International, Venture Corporation, Ghim Li Global and Ultro Technologies, just to name a few. The rental income from these tenants contributes to the stable distributions to be delivered by A-REIT.

A-REIT has recently signed six put and call option agreements for the acquisition of the following properties:

1. IDS Logistics Corporate Headquarters expected to complete in March 2004 for \$50.0 million with a 10 year leaseback to IDS Logistics Ltd,
2. TT International Tradepark expected to complete in March 2004 for \$92.0 million with a 10 year leaseback to TT International Tradepark Pte Ltd,
3. Trivec Building expected to complete in March 2004 for \$32.0 million, a multi tenanted property,
4. Changi International Logistics Centre expected to complete in March 2004 for \$45.6 million, a multi tenanted property,
5. Siemens Centre expected to complete in March 2004 for \$65.75 million, with 82% of the net lettable area leased to Siemens Pte Ltd for 15 years, and
6. Infineon Building expected to complete in the third quarter of 2004 for \$50.9 million and subject to A-REIT unitholder approval.

The results to 31 December 2003 do not include any income from these properties.

1 (a) **Income statement together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Actual 1/10/03 to 31/12/03 S\$'000	Actual 9/10/02 to 31/12/02 (a) S\$'000	Increase / (Decrease) %	Actual 1/4/03 to 31/12/03 S\$'000	Pro Forma 1/4/02 to 31/12/02 (b) S\$'000	Increase / (Decrease) %
<b>Gross revenue</b>	16,371	7,424	121%	48,276	45,956	5%
Property services fees	(572)	(220)	160%	(1,625)	(2,041)	(20%)
Property tax	(539)	(550)	(2%)	(2,768)	(4,069)	(32%)
Other property operating expenses	(2,426)	(1,582)	53%	(7,339)	(7,584)	(3%)
<b>Property operating expenses</b>	(3,537)	(2,352)	50%	(11,732)	(13,694)	(14%)
<b>Net property income</b>	12,834	5,072	153%	36,544	32,262	13%
Interest Income	1	-	N/A	16	-	N/A
Manager's fee	(883)	(367)	141%	(2,503)	(2,320)	8%
Trust expenses	(209)	(94)	122%	(591)	(545)	8%
Borrowing costs	(856)	(247)	247%	(2,116)	(1,742)	21%
<b>Non property expenses</b>	(1,947)	(708)	175%	(5,194)	(4,607)	13%
<b>Net profit</b>	10,887	4,364	149%	31,350	27,655	13%
Non tax deductible expenses	689	184	274%	2,325	1,159	101%
<b>Available for distribution (Note c)</b>	11,576	4,548	155%	33,675	28,814	17%
Net profit as a % of gross revenue	66.5%	58.8%	13%	64.9%	60.2%	8%
Net profit as a % of unitholders' funds at end of the period	2.2%	0.9%	144%	6.2%	5.7%	11%

The following items have been included in arriving at net profit (Note d):

	Actual 1/10/03 to 31/12/03 S\$'000	Actual 9/10/02 to 31/12/02 (a) S\$'000	Actual 1/4/03 to 31/12/03 S\$'000	Pro Forma 1/4/02 to 31/12/02 (b) S\$'000
Gross rental income	14,082	6,748	41,997	42,331
Other income	2,289	676	6,279	3,625
Allowances for doubtful receivables, net	(3)	(164)	(61)	(164)

**Footnotes**

- (a) Although A-REIT was established on 9 October 2002, the acquisition of the properties was completed on 19 November 2002. Consequently, comparative figures represent the 43 days from 19 November 2002 to 31 December 2002.
- (b) The proforma for the nine months ended 31 December 2002 has been derived on a best estimate basis from the proforma forecast for the period from 1 April 2002 to 18 November 2002 and the actual results from 19 November 2002 to 31 December 2002.
- (c) A-REIT's distribution policy is to distribute 100% of its taxable income (other than gains on the sales of real properties determined to be trading gains). The taxable income is distributed to unitholders on a semi-annual basis.
- (d) There are no investment income, depreciation and amortisation, write-off for stock obsolescence, impairment in value of investments, foreign exchange gain/loss, adjustments for under/overprovision of tax in respect of prior years, profit on sale of investments, properties or plant and equipment, exceptional and extraordinary items during the financial period and the previous financial period.

1 (b)(i) **Balance sheet, together with a comparative statement as at the end of the immediately preceding financial year**

	Actual 31/12/03 S\$'000	Actual 31/3/03 S\$'000
<b>Current assets</b>		
Trade and other receivables	2,163	936
Deposits and prepayments	5,822	335
Cash	6,732	27,558
<b>Total current assets</b>	<b>14,716</b>	<b>28,829</b>
<b>Non-current assets</b>		
Investment properties	698,400	607,540
<b>Total non-current assets</b>	<b>698,400</b>	<b>607,540</b>
<b>Total assets</b>	<b>713,116</b>	<b>636,369</b>
<b>Current liabilities</b>		
Trade and other payables	33,579	13,209
<b>Total current liabilities</b>	<b>33,579</b>	<b>13,209</b>
<b>Non-current liabilities</b>		
Other payables	5,000	-
Borrowings	172,800	125,000
<b>Total non-current liabilities</b>	<b>177,800</b>	<b>125,000</b>
<b>Total liabilities</b>	<b>211,379</b>	<b>138,209</b>
<b>Net assets</b>	<b>501,737</b>	<b>498,160</b>
<b>Represented by:</b>		
<b>Unitholders' equity</b>		
Total unitholders' funds	501,737	498,160

(b)(ii) **Aggregate amount of borrowings**

	As at 31/12/03		As at 31/3/03	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	-	172,800	-	125,000
	-	172,800	-	125,000

Details of borrowings

A-REIT has in place facilities totalling \$350m with Overseas-Chinese Banking Corporation Limited comprising a three-year unsecured credit facility of S\$150.0 million (incorporating a S\$80.0 million transferable loan facility, a S\$65.0 million revolving credit facility and a S\$5.0 million banker's guarantee facility) and an unsecured committed revolving credit facility of S\$200.0 million. The facilities have been drawn to S\$172.8 million comprising the entire S\$80.0 million transferable loan facility, the entire S\$65.0 million revolving credit facility and \$27.8 million of the unsecured revolving credit facility. Interest on the unsecured credit facility is referenced to the relevant swap offer rate plus a margin of 0.80% whilst interest on the revolving credit facility is referenced to the relevant swap offer rate plus a margin of 0.50%. The expiry date of the unsecured credit facility is November 2005 and the expiry date of the revolving credit facility is May 2005.

Interest rate swaps of \$100 million have been effected to provide fixed rate funding for terms of 2 to 3 years. A-REITs weighted average funding cost as at 31 December 2003 is 1.51% (excluding margins charged on the loans).

1 (c) Cashflow statement

	Actual 1/10/03 to 31/12/03 S\$'000	Actual 9/10/02 to 31/12/02 (a) S\$'000	Actual 1/4/03 to 31/12/03 S\$'000	Pro Forma 1/4/02 to 31/12/02 (b) S\$'000
<b>Operating activities</b>				
Net Profit	10,887	4,364	31,350	27,655
<b>Adjustment for</b>				
Interest income	(1)	-	(16)	-
Provision for doubtful receivables	3	164	61	164
Borrowing costs	856	247	2,116	1,742
Fund manager's fee paid in units	835	-	1,615	977
<b>Operating income before working capital changes</b>	<b>12,580</b>	<b>4,775</b>	<b>35,126</b>	<b>30,538</b>
<b>Changes in working capital</b>				
Trade and other receivables	(2,244)	(5,518)	(3,234)	(5,518)
Trade and other payables	14,359	9,547	15,371	9,547
	12,115	4,029	12,137	4,029
<b>Cash generated from operating activities</b>	<b>24,695</b>	<b>8,804</b>	<b>47,263</b>	<b>34,567</b>
<b>Investing activities</b>				
Issue cost	-	(17,343)	-	(17,343)
Purchase of investment properties	(45,994)	(585,223)	(72,989)	(585,223)
Deposit paid for purchase of investment properties	(2,124)	-	(3,546)	-
Proceeds from issue of units	-	478,896	-	478,896
<b>Cash flows from investing activities</b>	<b>(48,118)</b>	<b>(123,670)</b>	<b>(76,535)</b>	<b>(123,670)</b>
<b>Financing activities</b>				
Distribution to unitholders paid	(22,109)	-	(37,260)	(24,346)
Borrowing costs paid	(591)	(325)	(2,116)	(1,742)
Interest received	1	-	22	-
Proceeds from borrowings	60,500	125,000	81,500	125,000
Repayment of borrowings	(16,200)	-	(33,700)	-
<b>Cash flows from financing activities</b>	<b>21,601</b>	<b>124,675</b>	<b>8,446</b>	<b>98,912</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,822)</b>	<b>9,809</b>	<b>(20,826)</b>	<b>9,809</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>8,554</b>	<b>-</b>	<b>27,558</b>	<b>-</b>
<b>Cash and cash equivalents at end of the period</b>	<b>6,732</b>	<b>9,809</b>	<b>6,732</b>	<b>9,809</b>

- (a) Although A-REIT was established on 9 October 2002, the acquisition of the properties was completed on 19 November 2002. Consequently, comparative figures represent the 43 days from 19 November 2002 to 31 December 2002.
- (b) The proforma for the nine months ended 31 December 2002 has been derived on a best estimate basis from the proforma forecast for the period from 1 April 2002 to 18 November 2002 and the actual results from 19 November 2002 to 31 December 2002.

1 (d)(i) Statement of changes in unitholders' funds

	Actual 1/10/03 to 31/12/03 S\$'000	Actual 9/10/02 to 31/12/02 (a) S\$'000	Actual 1/4/03 to 31/12/03 S\$'000	Actual 9/10/02 to 31/3/03 S\$'000
<b>Balance as at beginning of period</b>	504,252	-	498,160	-
<b>Operations</b>				
Net profit	10,887	4,364	31,350	14,290
Net appreciation on revaluation of investment properties (b)	7,871	21,927	7,871	22,317
<b>Net increase in net assets resulting from Operations</b>	18,759	26,291	39,222	36,607
<b>Unitholders' transactions</b>				
Creation of units	-	478,896	-	478,896
Management fee paid in units	835	-	1,615	-
Establishment & IPO expenses	-	(17,343)	-	(17,343)
Distribution to unitholders (c)	(22,109)	-	(37,260)	-
<b>Net increase/(decrease) in net assets resulting from Unitholders' transactions</b>	(21,274)	461,553	(35,645)	461,553
<b>Balance as at end of period</b>	501,737	487,844	501,737	498,160

- (a) Although A-REIT was established on 9 October 2002, the acquisition of the properties was completed on 19 November 2002. Consequently, comparative figures represent the 43 days from 19 November 2002 to 31 December 2002.
- (b) Revaluation of existing properties was undertaken by Jones Lang LaSalle on 31 December 2003.
- (c) First Distribution to unitholders for the period from 9 October 2002 to 31 March 2003 was paid in May 2003. Second Distribution to unitholders for the period from 1 April 2003 to 30 September 2003 was paid in November 2003.

(d)(ii) Details of any changes in the units since the end of the previous period reported on

Date	Units issued	Purpose
N/A	545,000,000	Balance as at beginning of period
20/06/03	899,640	Fund manager fees paid in units
05/12/03	807,535	Fund manager fees paid in units
31/12/03	<u>546,707,175</u>	Balance as at end of period

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have been reviewed in accordance with Singapore Standard of Auditing Practice 11: Review of Interim Financial Information.

3 Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

See Attached Audit Review Letter

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

The same accounting policies and methods of computation are followed during the current financial period as compared with those stated in the audited financial statements for the period ended 31 March 2003.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Nil

6 Earnings per unit and distribution per unit for the financial period

	Actual 1/10/03 to 31/12/03 cents	Actual 9/10/02 to 31/12/02 (a) cents	Actual 1/4/03 to 31/12/03 cents	Pro Forma 1/4/02 to 31/12/02 (b) cents
Earnings per unit for the period based on the weighted average number of units in issue	1.99	0.80	5.73	5.07
Distribution per unit for the period based on the number of units in issue	2.12	0.83	6.16	5.29

- (a) Although A-REIT was established on 9 October 2002, the acquisition of the properties was completed on 19 November 2002. Consequently, comparative figures represent the 43 days from 19 November 2002 to 31 December 2002.
- (b) The proforma for the nine months ended 31 December 2002 has been derived on a best estimate basis from the proforma forecast for the period from 1 April 2002 to 18 November 2002 and the actual results from 19 November 2002 to 31 December 2002.

7 **Net asset value per unit based on units issued at the end of the period**

	31/12/03 cents	31/03/03 cents
Net asset value per unit	92	91
Adjusted net asset value per unit	90	88

**Footnote**

- (a) A-REIT's distribution policy is to distribute 100% of its taxable income (other than gains on the sale of real properties determined to be trading gains). The available for distribution amount for the period has been excluded in arriving at the adjusted net asset value per unit.

8 **Review of the performance**

Please refer to Section 9 below for the review of actual performance against the forecast.

9 **Variance between forecast and the actual results**

	Actual 1/10/03 to 31/12/03 S\$'000	Forecast 1/10/03 to 31/12/03 (a) S\$'000	Increase / (Decrease) %	Actual 1/4/03 to 31/12/03 S\$'000	Forecast 1/4/03 to 31/12/03 (a) S\$'000	Increase / (Decrease) %
<b>Gross revenue</b>	16,371	15,829	3%	48,276	47,559	2%
Property services fees	(572)	(667)	(14%)	(1,625)	(1,877)	(13%)
Property tax	(539)	(1,249)	(57%)	(2,768)	(3,767)	(27%)
Other property operating expenses	(2,426)	(2,677)	(9%)	(7,339)	(8,595)	(15%)
<b>Property operating expenses</b>	<b>(3,537)</b>	<b>(4,593)</b>	<b>(23%)</b>	<b>(11,732)</b>	<b>(14,239)</b>	<b>(18%)</b>
<b>Net property income</b>	<b>12,834</b>	<b>11,236</b>	<b>14%</b>	<b>36,543</b>	<b>33,320</b>	<b>10%</b>
Interest Income	1	5	(80%)	16	17	(6%)
Manager's fee	(883)	(781)	13%	(2,503)	(2,354)	6%
Trust expenses	(209)	(180)	16%	(591)	(541)	9%
Borrowing costs	(856)	(798)	7%	(2,116)	(2,366)	(11%)
<b>Non property expenses</b>	<b>(1,947)</b>	<b>(1,754)</b>	<b>11%</b>	<b>(5,194)</b>	<b>(5,244)</b>	<b>(1%)</b>
<b>Net profit</b>	<b>10,887</b>	<b>9,482</b>	<b>15%</b>	<b>31,350</b>	<b>28,076</b>	<b>12%</b>
Non tax deductible expenses (b)	689	390	77%	2,325	1,177	98%
<b>Available for distribution</b>	<b>11,576</b>	<b>9,872</b>	<b>17%</b>	<b>33,675</b>	<b>29,253</b>	<b>15%</b>
Earnings per unit (cents)	1.99	1.73	15%	5.73	5.14	12%
Distribution per unit (cents)	2.12	1.81	17%	6.16	5.35	15%

**Footnote**

- (a) The extrapolated forecast for the period from 1 April 2003 to 31 December 2003 has been derived from the forecast stated in the prospectus dated 5 November 2002 for the period from 1 April 2003 to 31 March 2004 based on a best estimate basis by the Manager so as to allow like to like comparison with the actual results.
- (b) Non tax deductible expenses relate to units issued to the Manager in part payment of its management fees and other non-tax deductible items.

**Review of Performance for the three months ended 31 December 2003**

Actual Gross Revenue for the three months ended 31 December 2003 was \$16.4 million, an increase of 3% over the forecast due mainly to the benefit of the recent acquisitions of OSIM HQ Building, Ghim Li Building and Ultro Building. Property expenses were 23.0% lower than the forecast mainly due to continuing property tax rebates and savings in property expenses. Overall, the actual net profit exceeded forecast by 15.0% whilst the income available for distribution exceeded forecast by 17.0%.

**Review of Performance for the nine months ended 31 December 2003**

Actual Gross Revenue for the nine months ended 31 December 2003 was \$48.3 million, an increase of 2% over the forecast due mainly to the benefit of recent acquisitions, offset by slightly lower revenue on the existing portfolio. Property operating expenses were 18.0% lower than the forecast due to lower property services fees, property tax and other property operating expenses such as professional and legal fee and advertising and promotional expenses. Non property expenses were higher mainly due to a higher management fees as a result of the acquisitions of OSIM HQ Building, Ghim Li Building and Ultro Building. Overall, the actual net profit exceeded forecast by 12.0% whilst the income available for distribution exceeded forecast by 15.0%.

10 **Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Economic conditions in Singapore and globally in general, have shown signs of improvement over the last quarter. The recently completed sale and leaseback acquisitions of OSIM HQ Building, Ghim Li Building and Ultro Building on leases of 10 or more years provides income stability and portfolio diversification. Average occupancy levels in the portfolio have continued to remain stable in the three months to 31 December 2003 (83.1% compared to 81.2% for the 6 months ended 30 September 2003).

A-REIT also has recently announced proposed acquisitions of five properties that are expected to be funded through a combination of additional borrowings and new equity. Planning has commenced and discussions are being held with the relevant authorities to undertake an issue of new units. Unitholders will benefit from these acquisitions through increased earnings and distributions, enhanced stability of income and distributions, improved diversification of income, an enhanced tenant base, and further asset class diversification.

Accordingly, on the basis of information available at present, the Manager does not expect the performance of A-REIT in the last quarter to 31 March 2004 to be materially different to the average of the first three quarters of this financial year.

**Outlook for the financial year ending 31 March 2004**

Based on the performance of the portfolio and the financials prepared for the period ended 31 December 2003, and given the positive accretion of previously announced property acquisitions, the Manager expects that A-REIT will exceed the forecasts outlined in the prospectus dated 5 November 2002.

11 **Distributions**

(a) **Current financial period**

Name of distribution	Not Applicable
Distribution Type	Not Applicable
Distribution Rate	Not Applicable
Par value of units	Not Applicable
Tax Rate	Not Applicable

(b) Book closure date Not Applicable

(c) Date Payable Not Applicable

(d) **Corresponding period of the immediately preceding year**

N/A

12 **If no distribution has been declared/(recommended), a statement to that effect**

No distribution has been declared/recommended for the current financial period.

*This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.*

*Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.*

By order of the Board  
Ascendas-MGM Funds Management Limited

Tay Hsiu Chieh  
Company Secretary  
15 January 2004



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Dear Sirs

**Ascendas Real Estate Investment Trust ("A-REIT")**  
**Review of the interim financial information for the third quarter ended 31 December 2003**

We have been engaged by Ascendas-MGM Funds Management Ltd (the "Manager of A-REIT") to review the interim financial information of A-REIT for the third quarter ended 31 December 2003.

Singapore Exchange Listing Manual Appendix 7.2 and Singapore Financial Reporting Standard FRS 34 require the preparation of interim financial information to be in compliance with the relevant provisions thereof. The accompanying financial information consists of the following:

- Statement of total return for the third quarter ended 31 December 2003;
- Balance sheet as at 31 December 2003;
- Statement of movements in unitholder's funds for the third quarter ended 31 December 2003;
- Statement of cash flows for the third quarter ended 31 December 2003; and
- Explanatory notes to the above interim financial information.

The interim financial information is the responsibility of, and has been approved by, the directors of the Manager of A-REIT. Our responsibility is to issue a report solely for the use of the directors of the Manager of A-REIT on the interim financial information based on our review.

We conducted our review in accordance with Singapore Statement of Auditing Practice 11: "*Review of Interim Financial Information*". A review of interim financial information consists principally of applying analytical review procedures to financial data, and making enquiries of, and having discussions with, persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, we are not aware of any material modification that needs to be made to the accompanying interim financial information for it to be in accordance with Singapore Exchange Listing Manual Appendix 7.2 and Singapore Financial Reporting Standard FRS 34.

Yours faithfully

**KPMG**  
*Certified Public Accountants*  
Singapore  
15 January 2004



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